

**Child Support Enforcement Presentation
County Auditors Spring State Called Conference
Thursday May 27, 2010**

Title IV-D Expenditures

As you may be aware, there recently has been significant activity related to child support financial management activities by the Indiana Child Support Bureau (CSB):

- CSB recently completed a Business Process Analysis (BPA) project that resulted in a roadmap of project recommendations that are designed to enhance Indiana's child support program. One of the projects is a comprehensive review of child support claims processing (see Claims Project detail below).
- CSB experienced a State Board of Accounts Audit Finding related to the annual tracking of balances of each county's IV-D incentive funds.

To ensure everyone's understanding this document addresses general financial concepts as well as each item in respective order.

I. General IV-D Claiming Information

- A. Not every child support case is a Title IV-D case. Federal funding is only available for activities related to IV-D cases.
- B. Two types of federally reimbursable expenditures: "Operating" and "Incentive"
 - 1. Operating:
 - a) Approved operating expenditures for Title IV-D activities are reimbursed by federal government at 66%.
 - b) Examples of items that are not federally approved are public defender costs, guardian ad litem, access and visitation programs, costs of adding court orders or payments in ISETS for non-IV-D cases, etc.
 - c) *Almost* any expenditure that is necessary for undertaking the mandated operations of the Title IV-D program is federally reimbursable.
 - d) Items that benefit more than just the IV-D program cannot be paid out of IV-D funds unless an appropriate cost allocation is used.
 - e) Missed claims may be submitted retroactively for eight quarters.
 - 2. Incentive:
 - a) States earn "incentive" money based on their performance on five measures, in competition with other States. Counties receive this incentive money for the Prosecutors, Clerks and County General Fund.
 - b) Rules regarding the use of incentive money are both narrow and broad. Incentive money:
 - must be used to make the Title IV-D program more efficient and effective;
 - cannot be used for any items that aren't normally reimbursable expenses unless special approval from the federal government is obtained;
 - cannot be used to completely backfill normal Title IV-D budgets of the county offices ("supplement, not supplant");
 - expenditures do not need an appropriation or approval by the county fiscal body (with the one exception listed below);
 - cannot be used to increase or supplement the salary of an elected official (unless approved by the county fiscal body)

C. Selected Federal and State Legal/Regulatory Citations:

1. **IC 31-25-4 – in particular 31-25-4-23**
2. **42 USC 658a**
3. **45 CFR 305.35**
4. **Code of Federal Regulation Title 45 Parts 111, 304 and 305**
5. **OCSE Action Transmittals AT-01-01 and AT-01-04**

II. Child Support Incentive Funds Matching Deadline

- A. Incentive Money is *temporarily* reimbursable at a 66% matching rate until 9-30-2010.
- B. Funds must be spent (i.e. encumbering is not good enough) by the deadline in order to take advantage of the matching.
- C. Efforts are underway at a national level to extend the matching deadline to 9-30-2011 but success is not guaranteed.

III. Current Claims Process

- A. Operating expenditure claiming
 1. Prosecutors must have signed a cooperative agreement with CSB and have supplied detailed budget forms and their annual county approved IV-D budget signed by the Auditor.
 2. Clerks must have a signed cooperative agreement with CSB and supplied their annual county budget signed by the Auditor.
 3. IV-D courts must have signed a cooperative agreement with CSB and have supplied detailed budget forms and their annual county approved IV-D budget signed by the Auditor.
 4. Claims are submitted by these offices monthly to CSB on specific forms.
- B. Incentives
 1. Prosecutors, Clerks and Title IV-D Courts submit expenditures on incentive claim forms in conjunction with proof of the expenditure whenever expense occurs. (Forms are exactly the same as the standard claims except for a designation of “incentive” at the top of the form).
 2. If incentive money is spent out of the county general fund, the Prosecutor, Clerk or Title IV-D Court should send in the incentive claim form as above with a notation that reimbursement should go back to the county general incentive fund.

IV. Future Claims Project/ Incentive Balances Project

During the course of the BPA project mentioned above, it became clear that there were major challenges related to administrative claiming of IV-D funds:

- Lack of understanding of policies, resulting in counties not reporting all eligible claims and therefore not receiving full federal reimbursement
- State inability to impact performance through fiscal management decisions or adequately monitor statewide expenditure in the IV-D program
- Lack of automation, specifically the degree of time and energy spent in spreadsheets and documentation

- A. The “Claims Project” project aims to improve each county’s ability to identify costs that are eligible for Federal Financial Participation (FFP). This may result in **increasing** the amount of federal reimbursement for counties.

1. The project has multiple activities/deliverables:

- a) County input is being gathered via “As-Is” and “To-Be” sessions with the counties (happening now);
 - b) Production of a policy and procedure guide for claims (August 2010);
 - c) System requirements that will enable CSB to design a tool to assist the counties in claims (hopefully to be implemented in 2011);
 - d) Data gathering from counties based on new Guide to submit retroactive claims for reimbursable expenditures that have been missed.
2. Detailed examples of “pain points” discovered during ongoing work sessions:
- a) The requirement that the Prosecutor submit a detailed budget signed by the Auditor and CSB must reject expenditures at a detail level if they exceed the amount in the budget line item may be able to be changed. Knowledge of the overall budget is important, but if a Title IV-D expenditure is federally reimbursable, it is not relevant (from a federal reimbursement standpoint) if it exceeds a line item in a budget. This is important because the county currently ends up funding 100% of the expenditure if it is rejected by CSB.
 - b) Claim forms are sent in via U.S. mail. If no check and balance exists between the county Clerk/Prosecutor/Auditor to follow up on claim payments, CSB has no knowledge if a claim gets lost. This is one area where an automated tool will not only save time but assist with checks and balances.
 - c) CSB has no way to currently analyze trends and determine whether reimbursable expenditures are being missed – another area where a tool can assist.
 - d) Expenditures through other agencies, e.g., health departments or Sheriff’s departments on IV-D activities are not currently claimed and passed through counties for federal reimbursement
- B. CSB is currently beginning a project to ensure that we can track incentive fund balances for each county at the Clerk, Prosecutor and county general fund level.
- 1. CSB received an audit finding this past December requiring tracking of this information.
 - 2. Activities and findings to date:
 - a) We have hosted two calls with the leadership of the Clerk, Prosecutor and Auditor associations and AIC to discuss the best way to start tracking balances.
 - b) It appears that the CAR-1 annual reports will give Clerk and Prosecutor incentive balances, but County General Fund balances will be more difficult to determine.
 - c) DCS is hiring two field staff to work on this project.
 - d) Will continue to work with SBOA and all stakeholders to collaboratively address the finding.